

Carnegie, Rockefeller, and Morgan

Andrew Carnegie, John D. Rockefeller, and J.P. Morgan were some of the most important people in the history of labor and industry. Their success as businessmen and their contributions to labor have played a role in forming the economy and industry of the United States.

Andrew Carnegie (November 25, 1835-August 11, 1919)

Andrew Carnegie was born in Scotland, he and his family immigrated to the United States in 1848. Carnegie grew up in poverty; his story of success is considered a classic American “Rags to Riches” story. In 1853 Tom Scott employed Carnegie for the Pennsylvania Railroad Company. Carnegie’s first step in business was the merger he established between Woodruff and Pullman companies this brought him decent profits. After the employment of the merger, Scott promoted Carnegie to Superintendent of the Military Railways in 1861. This provided Carnegie with the opportunity to open up railroads into Washington D.C.

Three years after his promotion, in 1864, Carnegie invested \$400,000 in Stony Farm on oil Creek in Pennsylvania. Within less than a year the original investment skyrocketed to \$1,000,000. At this point Carnegie’s career in industry began to accelerate. He established the steel rolling mill and bought both the Keystone Bridge Works and Union Iron Works in Pittsburgh.

Carnegie used vertical integration to expand the steel industry. Vertical Integration is the management of an industry by creating a supply chain. He also adapted the Bessemer process for steel making. This was done by producing steel from molten pig iron (iron ore) and removing impurities through oxidation. In 1888 Carnegie was able to purchase the Homestead Steel Works, his rival company. By this point the U.S. Steel Works included a majority of the steel companies, marking the opening of a new steel market.

In 1901 Carnegie was prepared to retire. He began to make his enterprises into joint-stock companies. J.P. Morgan then wanted to buy out Carnegie’s cooperation. Their negotiations were solved on March 2nd, and J.P. Morgan integrated Carnegie’s industry into the United States Steel Corporation. After Carnegie’s retirement, he donated a large share of his earnings to charity, schools, and buildings. He died August 11, 1919.

John D. Rockefeller (July 8, 1839-May 23, 1937)

John D. Rockefeller was well known for his industry in oil. He was a founder of the Standard Oil Company. His business career kicked off when he went into produce commission with Maurice B. Clark in 1859. By 1863 they changed to oil refinery and it was named Andrews, Clark & Company. In February 1865, Rockefeller bought out Clark brothers and established Rockefeller & Andrews. In 1867 Henry M. Flagler joined them and preceding this was the establishment of Standard Oil in 1870.

The Standard Oil Company owned 22 of 26 competitors in Cleveland by 1872. The company was accused of being a monopoly; it was called "Cleveland Conquest" and "Cleveland Massacre"

Rockefeller expanded his business both horizontally and vertically. Horizontal expansion is the selling of a certain type of product in numerous other businesses. In the 1870's the Standard Oil Company provided 90% of the oil in the U.S. In 1890 the Sherman Anti-Trust Act broke up the Standard Oil Trust.

After the Standard Oil was broken up, Rockefeller went into iron and ore. He was in competition with Carnegie for a time. Morgan eventually bought Standard Iron. After his retirement he gave much of his earnings to charity. He died May 23, 1937.

J.P. Morgan (April 17, 1837-March 31, 1913)

J.P. Morgan grew up with an education and knowledge of business and business management. His first major step in business was the Hall Carbine Affair. Prior to the Civil War he purchased 5,000 defective hall carbines (guns) then later resold them to the government at a lowered price because they were defective. Morgan continued with his business career in 1892 merger of Edison General Electric and Thomas-Houston Electric to create General Electric. In 1895 he joined his father with the J.P. Morgan Company banking. In 1890 Morgan's father passed away, leaving the company to him, it became Morgan, Grenfell & Company. Progressivism was in favor of Morgan's aggressive banking and industry actions.

Morgan controlled his businesses with "Morganization" which was reorganizing business structures as management to make them profitable. During the Panic of 1893, Morgan was able to help provide gold for the bank in the year 1895 when the bank was at an incredible shortage of gold.

In 1901 he created the Federal Steel Company and merged this with the Carnegie Steel Company. This became the first billion-dollar company.

Shortly after in the Panic of 1907 Morgan decided U.S. Steel should buy out the Tennessee Coal and Iron (TCI) to ensure that Moore and Schley would be able to provide the \$6 million they pledged to the TCI. This saved the economy from a complete crash.